



Department of Justice

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VETERANS AFFAIRS OFFICIAL TO PLEAD GUILTY TO CONSPIRACY AND WIRE FRAUD

Spouse And Company Also Agree To Plead Guilty To Wire Fraud Conspiracy

WASHINGTON – The Associate Director of the Department of Veterans Affairs (VA) Consolidated Mail Outpatient Pharmacy in Hines, Ill., agreed to plead guilty to being part of a conspiracy to defraud the VA and the Small Business Administration (SBA), the Department of Justice announced today. His wife and the temporary staffing company she founded agreed to plead guilty to participating in the same conspiracy.

In three separate plea agreements filed today in U.S. District Court in Chicago, William J. Brandt, the associate director of the VA facility from 1996 until April 2007, his wife, Esperanza A. Brandt and Pronto Staffing Inc. (Pronto) each agreed to plead guilty to one charge of conspiracy to commit wire fraud. William Brandt also agreed to plead guilty to one charge of wire fraud, which deprived the VA and the public of his honest services. The Outpatient Pharmacy in Hines, one of seven regional VA mail-out pharmacies, currently processes and sends out more than 90,000 prescriptions each day to veterans. Under the plea agreements, which are subject to court approval, the Brandts and Pronto have agreed to cooperate with the Justice Department's ongoing investigation.

"The Department of Veterans Affairs supports and cares for our nation's veterans and their families," said Scott D. Hammond, Acting Assistant Attorney General in charge of the Department's Antitrust Division. "We are committed to pursuing prison terms for those who would corrupt the vital mission of the VA by misusing their official position for private gain."

The Brandts and Pronto admitted to conspiring with others to commit wire fraud in a scheme to fraudulently allow Pronto to provide temporary pharmacists to the Outpatient Pharmacy where William Brandt worked supervising pharmacists. Pronto was created by the Brandts in 2000 to provide pharmacists to the Hines Outpatient Pharmacy. The company later sought SBA certification as a woman-owned, minority-owned small disadvantaged business and 8(a) Program participant. As part of the conspiracy, the Brandts agreed to allow another company to fraudulently masquerade as Pronto and qualify for contracts set aside for SBA and 8(a) participants.

William Brandt also agreed to plead guilty to wire fraud for making materially false misrepresentations to the VA and other government officials to hide his involvement with Pronto. Brandt claimed that Pronto was solely managed by his wife in order to avoid conflict of interest

laws governing federal employees. During the course of the scheme, William Brandt, working with others, secretly agreed that the billing rates charged to the VA for certain pharmacists provided by Pronto should be increased. Between 2000 and 2007, the Brandts and other unindicted co-conspirators used Pronto to bill the VA for more than \$8 million in services to the Hines, Ill., Outpatient Pharmacy facility. This conduct deprived the VA and the public of Brandt's honest service.

This is the second case involving the Hines Outpatient Pharmacy facility. On July 24, 2008, Joel M. Gostolmelsky, the director of the facility, pleaded guilty to conspiracy and to accepting illegal gratuities in connection with awarding staffing and supply contracts, including for temporary pharmacists.

William Brandt faces a maximum sentence of 20 years imprisonment and a fine of \$250,000 for the wire fraud offense. William and Esperanza Brandt each face a maximum sentence of five years imprisonment and a fine of \$250,000 for the conspiracy charge. Pronto faces a maximum fine of \$500,000. The maximum fine for each of these violations may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine. Their actual sentences will be determined by the court.

"The VA Office of Inspector General vigorously investigates every credible allegation against VA employees who betray the trust of our veterans and taxpayers by committing crimes related to the programs and operations of VA. Mr. Brandt is the fourth supervisory employee of VA's Consolidated Mail Outpatient Pharmacy program, including his former supervisor at Hines, to be prosecuted since 2005 for abusing their government positions for private gain," said George J. Opfer, Inspector General of the Department of Veterans Affairs.

Today's charges reflect the Department's commitment to protecting U.S. taxpayers from procurement fraud through its creation of the National Procurement Fraud Task Force. The National Procurement Fraud Initiative, announced in October 2006, is designed to promote the early detection, prosecution and prevention of procurement fraud associated with the increase in contracting activity for national security and other government programs.

The guilty pleas announced today resulted from an ongoing investigation of unlawful conduct concerning the VA's Consolidated Mail Outpatient Pharmacies conducted jointly by the Department of Justice Antitrust Division's Chicago Field Office and the Department of Veteran's Affairs, Office of Inspector General, with assistance from the Small Business Administration, Office of Inspector General; the Department of Defense, Criminal Investigative Service; and the U.S. Secret Service.

Anyone with information concerning bid rigging, fraud, kickbacks, bribery or other crimes relating to violations of federal procurement laws meant to foster competition concerning any of the VA's Consolidated Outpatient Pharmacies should contact the Chicago Field Office of the Antitrust Division at 312-353-7530 or the VA Office of Inspector General at 1-800-488-8244.

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